

STATE OF GEORGIA

Purchasing Card Program



CONTRACT GUIDE

SWC 050755

rev. 10/01/05

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General Information

CONTRACTING OFFICE

This office is responsible for both administering the contract with Bank of America and dealing with the day-to-day operations of the Bank of America Statewide Purchasing Card Program. Any questions or comments regarding the contract terms and conditions, or day-to-day program operations should be directed as follows:

State of Georgia
Department of Administrative Services
Statewide Business Services
State Purchasing Office
200 Piedmont Avenue, S.E.
Suite 1308, West Tower
Atlanta, Georgia 30334

CONTRACT ADMINISTRATOR

State Purchasing Card Program Manager: **Lawrence Bond** 404-657-8390

CONTRACT INFORMATION

Department of Administrative Services (DOAS) State Purchasing awarded a contract for Statewide Purchasing Card services to Bank of America (BOA), on June 7, 2005.

The Contract Number is SWC 050755.

The address of Bank of America is:

Bank of America
Attn: Commercial Card Services
600 Peachtree Street, N.E.
Atlanta, Georgia 30308

TYPE OF CONTRACT

DOAS State Purchasing has awarded Bank of America a Statewide Contract.

TERM OF CONTRACT

The contract is a five year contract with five 1-year renewal periods. The effective date of the contract is July 1, 2005 through June 30, 2010. If DOAS elects to exercise an option, the contract will be modified to reflect this action and Agency and Institution Purchasing Card Program Coordinators (PPCs) will be notified at least 30 days prior to the expiration of the contract.

PURPOSE

This contract provides for use of the Bank of America Visa Purchasing Cards and associated services to support official State Government purchases. The Bank of America Visa Purchasing Card is intended to streamline payment procedures and reduce the administrative burden associated with traditional and emergency purchasing of supplies, materials, equipment, and services under the current small value purchases.

MANDATORY USERS

The use of the Bank of America Visa Purchasing Card as provided for in the terms of this contract is a mandatory source for any "Agency" as defined by OCGA 50-4-1 or Institution in the State of Georgia.

NON-MANDATORY USERS

The use of the Bank of America Visa Purchasing Card is available on a non-mandatory basis to all Authorities, Commissions, local governments and municipalities.

AGENCY AND INSTITUTION PROGRAM COORDINATOR RESPONSIBILITIES

Agency and Institution Purchasing Card Program Coordinators (PPCs) should maintain up-to-date list of cardholder names, addresses, account numbers, and telephone numbers. PPCs shall also perform contract administration within the limits of their delegated authority. PPCs will have overall responsibility for the Bank of America Visa Purchasing Card for their Agency or Institution.

DEFINITIONS

ACCOUNT SETUP INFORMATION

Specific information required by Bank of America for each cardholder so that an active account can be established for that cardholder. This information is supplied to each PPC who then submits it to Bank of America.

APPROVING OFFICIAL

An individual who has under his/her purview a number of cardholders. The Approving Official is responsible for, at a minimum, reviewing his/her cardholder's monthly statements and verifying that transactions were made for necessary government purchases and in accordance with internal policies and procedures. The State uses the Approving Official concept in the Purchasing Card Program for internal control purposes. The Approving Official provides a critical checkpoint by reviewing the cardholder's transactions to ensure that they are necessary and for official purposes only. The Approving Official is usually the cardholder's immediate supervisor.

AUTHORIZATION

The process of verifying that a purchase being made is within the established cardholder limits. Authorization is done electronically by merchant at point of sale.

AUTOMATED CLEARING HOUSE (ACH)

A type of electronic funds transfer. The ACH is a central distribution point for transferring funds electronically for participating depository financial institutions. Rather than each payment being sent separately, ACH transactions are accumulated and sorted by destination for transmission during a predetermined period.

CARDHOLDER

Any individual designated by an Agency to be issued a card. The card bears the individual's name and can be used to pay for official purchases in compliance with Agency and Institution internal procedures.

CARD CONTROLS

Controls coded to each card by the PPC as required by issuing Agency.

Controls available as follows:

1. Number of transactions per day/ month/ cycle.
2. Dollar limit per transaction/ day/ month/ cycle.
3. MCC codes blocked.
4. MCC codes allowed (only).

DECLINED TRANSACTIONS

Those transactions where authorization has been refused by the Bank of America/Visa transaction authorization system.

DELEGATION OF AUTHORITY

A document, issued by authorized Agency or Institution personnel, that establishes the individual as an authorized cardholder. This delegation of authority shall specify spending and usage limitations unique to the cardholder. Each Agency or Institution, in their internal procedures, must delegate who shall be responsible for issuance of these delegations.

ELECTRONIC

A method of communication whereby information is disseminated by floppy disk, optically stored media, magnetic tape, computer disk, microfiche, microfilm, computer to computer communications via modem, networks, facsimile, or other electronic method of dissemination.

ELECTRONIC CONTACT

The individual designated by an Agency or Institution to receive the electronic billing and reporting transmissions.

ELECTRONIC FUNDS TRANSFER (EFT)

A term which identifies delivery systems used to transfer payments of funds electronically. These systems are a faster, more secure way of transferring funds in contrast to transfers authorized by paper check.

FEDWIRE

One of the major wire transfer systems directly connected to the Federal Reserve Bank. Wire transfers of funds are executed through the Fedwire network, which is tied to all Federal Reserve branches, depository financial institutions, the financial Management Service and other government agencies/organizations. It is a method of electronic funds transfer.

MERCHANT CATEGORY CODE (MCC)

Bank of America shall categorize each merchant according to the type of business the merchant is engaged in and the kinds of goods and services provided. Bank of America shall assign to each merchant a corresponding Merchant Category Code. These codes shall be used as a means of analyzing card usage data as well as assigning card controls.

MERCHANT CATEGORY CODE GROUP (MCCG)

A group of MCC's as designated by a PPC.

PURCHASING CARD PROGRAM COORDINATOR (PPC)

An individual designated by the ordering Agency or Institution to perform contract administration within the limits of delegated authority. This individual shall have overall responsibility for the Purchasing Card Program within his/her Agency or Institution and may determine who the approving officials and cardholders shall be.

SETTLEMENT CONTACT

The individual designated by an Agency or Institution to receive the official invoice and, in some instances, make payments against the official invoice.

USES OF THE CARD

AUTHORIZED PURCHASES

The card may be used to pay for all commercially available goods, supplies and services under the State required single transaction limit of \$5,000 or not otherwise affected by State imposed limitations and Agency or Institution imposed card controls as discussed in those sections of this contract guide.

LIMITATIONS

The Bank of America Visa Purchasing Card **may not be used** for the following items:

- a) Cash Advances.
- b) Travel and Entertainment Expenses.
- c) Motor Vehicle Fuel
- d) Professional Services
- e) Personal Purchases.

TO BEGIN USING THE CARD

State Agencies or Institutions interested in participating in the Bank of America Visa Purchasing Card Program must first consult their internal procedures, regulations, policy provisions, and then proceed accordingly. The provisions included herein are intended to provide some guidance, but it is each respective Agency's or Institution's responsibility to establish and implement its own internal procedures concerning the program.

CARDHOLDER QUALIFICATIONS

Personnel designated to become cardholders should be government employees, who have knowledge of, or are trained in, small value purchase procedures. Agencies or Institutions will develop adequate training for non-procurement personnel to acquaint them with small value purchase requirements and procedures.

AGENCY OR INSTITUTION PROGRAM COORDINATOR

Each Agency or Institution must designate a Purchasing Card Program Coordinator (PPC) who shall function as the Agency's or Institution's primary liaison to Bank of America and DOAS. The PPC will be the Agency's or Institution's representative on technical matters relating to this contract and may be called upon by Bank of America or the State Purchasing Card Program Manager for technical or administrative consultations. The PPC responsibilities include, but are not limited to:

- 1) Processes authorized requests for procurement cards, maintains control over active cards, and closes accounts in accordance with operating procedures.
- 2) Establishes and maintains accounting code and usage controls for each card.
- 3) Periodically reviews listing of cardholders and summary reports to identify unauthorized use.
- 4) Exercises control over the program by using statistical sampling techniques to select and audit the activity logs and monthly bank memo statements maintained by the cardholder.

IMPLEMENTATION

Bank of America's implementation team will access the needs and functionality of interested Agencies and Institutions. Upon gathering data from questionnaires and meetings with Agency and Institution personnel, Bank of America will provide a detailed implementation plan with step by step tasks to be performed as well as anticipated time for completion of each task. A detailed implementation manual will be provided to the PPC with implementation forms and instructions. This will allow the PPC to design the Agency's or Institution's customized program. A sample user manual is included as a guide to Agencies and Institutions for developing policy and procedures mandates for usage. Sample statements, reports, and electronic file layouts are also included in the implementation manual.

USING THE CARD

There are several ways the Purchasing Card can be used: Over the counter: or by telephone, over the internet, fax, or computer (where the account number is conveyed to the merchant).

When making any purchase with the card, the cardholder should inform the merchant that it is for Official State of Georgia purposes, and therefore, may not be subject to state or local sales tax.

The card number should under no circumstances be displayed on any packing slips, etc. when purchases are made by telephone, fax or computer.

RECONCILIATION DOCUMENT

Any time a payment is authorized for a purchase, whether it is done over the counter or by telephone, fax or computer, a document must be retained as proof of purchase. These documents will later be used to verify the purchases shown on the cardholder memo statement issued at the end of the monthly billing cycle. When payment is authorized for a purchase that is made over the counter, the cardholder should obtain a customer copy of the receipt, which will become the accountable document. When authorizing payment for purchases by telephone, fax, or computer, the cardholder must obtain a packing list or similar document as the accountable document. The accountable document must contain line item description and line item pricing for the purchase. For items such as subscriptions and registrations, where a receipt or packing list is not normally generated by the merchant, a copy of the ordering document may be used as the accountable document so long as it contains a description and price for the purchase.

IMPROPER USE OF PURCHASING CARD

If for any reason the approving official questions a purchase on a cardholder statement, the cardholder must explain to the approving official the nature of the purchase. If the cardholder can not substantiate that the purchase was necessary and for official use, the Agency or Institution must address this situation in accordance with its internal procedures. Resolution of situations involving improper use of the Purchasing Card and the formulation of disciplinary actions to be taken will be the responsibility of the Agency or Institution.

DEFECTIVE MERCHANDISE PURCHASED WITH PURCHASING CARD

For items purchased and found to be defective or faulty, the cardholder can return the item to the merchant, who will initiate a credit to appear on a subsequent month's cardholder memo statement. If the cardholder cannot resolve the dispute with the vendor a Purchasing Card Dispute Form should be completed and forwarded to Bank of America in accordance with that Agency's or Institution's internal procedures. (The Purchasing Card Dispute Form should be forwarded to Bank of America as soon as the discrepancy occurs, but not later than 60 days after the appearance of the item on the memo statement.)

MERCHANT BILLING

Visa's Merchant Regulations mandate that merchants delay the processing of a transaction until the purchased merchandise has been shipped. If a cardholder receives a statement that lists a transaction for merchandise that has not been received, the cardholder should notify Bank of America through a Purchasing Card Dispute form. (The Purchasing Card Dispute form should be forwarded to Bank of America as soon as the discrepancy occurs, but not later than within 60 days after the appearance of the item on the memo statement.) Additional accompanying documentation may be required in accordance with Agency and Institution procedures or by Bank of America to resolve the dispute. Once supporting documentation is received, Bank of America will credit the transaction until the dispute is resolved.

DISPUTES

When a cardholder discovers an incorrect amount has been charged for goods or materials received, or a questionable purchase or transaction appears on a cardholder's memo statement, the cardholder must immediately seek to resolve the problem with the vendor. If no resolution can be made, a Purchasing Card Dispute form should be completed by the cardholder and forwarded to Bank of America. Disputes can occur for various reasons; **however, if the disputed charge involves sales tax charged erroneously by the vendor, the amount of the tax cannot be disputed through Visa charge back regulations.** Cardholders should make every effort to obtain a credit from the vendor for the amount of the tax. If a credit is not obtained, ordering agencies must pay the tax.

Bank of America will provide immediate credit to a cardholder's account upon receipt of a completed Purchasing Card Dispute Form. Upon resolution of the dispute, Bank of America will remove the credit and rebill the transaction if the Agency or Institution agrees that the purchase should be paid. If a valid reason exists under Visa's charge back rules, Bank of America will charge back the amount of the item to the supplier. Within Visa's defined rules, the supplier's bank has the right to return the charge back. The final resolution between Bank of America and the supplier's bank may occur up to 60 to 90 days later. If the disputed item is resolved before the payment due date, the resolution shall appear on the cardholder's following month's memo statement.

PAYMENT INFORMATION

ADMINISTRATIVE FEE

There **is no** Administrative Fee associated with this contract.

AGENCY AND INSTITUTION BILLING

The Bank of America Visa Purchasing Card Program will direct a consolidated monthly cycle statement of charges (the Official Invoice) to a designated State Agency or Institution employee (the Settlement contact) for payment. At the same time, individual "memo" statements can be mailed to each Purchasing Card user within the State Agency or Institution to be used only for purposes of internal transaction validation, tracking, and reconciliation. The cycle date for billing can be the 4th, 15th, or 27th of each month.

PAYMENT

Preferred settlement options include ACH debit or credit, or Fed Wire.

DELINQUENT ACCOUNTS

All Purchasing Card account balances roll up to the Agency's or Institution's Corporate account and are centrally billed, therefore, if the Agency or Institution account is past due all cardholders within that Agency or Institution are past due. In the event of non-sufficient funds for the ACH debit, or non-receipt of wire payment, Bank of America will mail a past due letter to an Agency or Institution when they become 5 days past due. If payment is not received within 31 days of the original due date, all card usage for that Agency or Institution will be suspended until payment is received.

CONTRACTOR RESPONSIBILITIES

IMPLEMENTATION

The following topics highlight those functions that are the responsibility of Bank of America. They are provided only to supplement the scope of work, not to replace it, and should provide a clear, concise description of the events that are required throughout the contract period in order to have a successful program.

Bank of America will work in conjunction with DOAS' State Purchasing Card Program Manager and each Agency's or Institution's Purchasing Card Program Coordinator to develop an implementation plan for the Purchasing Card Program as follows:

I. Organizational

- Establish cross-functional team
- Create "high level" goals and work plan
- Develop introductory materials on program
- Present concept to affected groups and get buy in

II. Design Program

- Select target purchases
- Identify suppliers
- Select cardholders
- Develop Agency or Institution policies
- Establish card controls (\$limits, MCC blocking)
- Determine Reporting (which reports, receiving, hierarchies)

III. Develop Training

- Determine who is to be trained
- Develop training materials
- Supervisory, PPC, and cardholder training

IV. Recruit Suppliers

- Identify targeted suppliers
- Develop letter campaign
- Hold supplier fair
- Produce approved/preferred listings
- On-going recruitment

V. Communicate Plan and Results

- Initial launch (goals, benefits, guidelines)
- Newsletters, e-mail, presentations
- Establish link w/ department levels (communicate results)

VI. Pilot Program

Determine pilot area and participants
Set goals, time frame, define success
Order cards, monitor usage, measure program impact against goals
Audit compliance with policy & procedures

VII. Roll-Out

Survey participating users, managers, and suppliers
Interview provider
Analyze pilot results, survey and interview
Modify policies and procedures as needed
Conform support for expanded program
Plan roll-out
Monitor results

Bank of America will provide a detailed implementation manual to assist State Agencies and Institutions in the development of their Purchasing Card Program.

TRAINING

Bank of America will provide training and materials to each Agency or Institution at no cost to the State. Working in conjunction with the State Purchasing Card Program Manager and Agency's or Institution's PPC, Bank of America will develop a training program using a "train the trainer" approach. Initial training will be provided to the Purchasing Card Coordinators. This approach empowers and equips the PPCs to become knowledgeable local experts who will champion the program within their Agency or Institution to ensure usage and a more successful program.

Training can then be performed in mass to the cardholders, approving officials, and managers utilizing the expertise of the Bank of America marketing and bankcard services staff, as well as the trained Coordinators who would be knowledgeable of internal practices, policies, and constraints.

Bank of America will provide a sample training session outline, sample cardholder user manual, and training videotapes to assist State Agencies and Institutions in their training efforts.

PROGRAM FORMS

Bank of America will provide to each participating Agency or Institution, at no cost, sufficient copies of all account set-up, account maintenance, account cancellation, dispute, and any other forms required to perform this contract.

CARD STOCK REQUIREMENTS

Bank of America is responsible for furnishing card stock, free of charge, with the following information:

- the name and seal of the **State of Georgia**
- the name of the **State Agency or Institution, State employee and/or work unit and account number** will be embossed on the face
- a **Unique Account Number** (22-digit accounting code) can be assigned to each card
- the phrase **FOR OFFICIAL USE ONLY** shall be printed on the face
- the phrase **TAX EXEMPT OCGA Code 48-8-3(1)** shall be printed on the face
- the bank's "help" number shall be printed on the back
- there shall be no reference to ATMs on the card

GENERIC CARD REQUIREMENTS

Bank of America will also provide a generic card for use by state and local governments, commissions, and authorities. This card will include all above information with the exception of the name and seal of the State of Georgia.

CARD DISTRIBUTION

Bank of America will mail the Purchasing Card to the cardholder or designated distribution point within 7 to 10 days after receipt of the cardholder's account set-up information.

REPLACEMENT OF LOST OR STOLEN CARDS

A lost or stolen card should be reported to Bank of America Card Services Customer Service 24 hours a day, 365 days a year. Lost cards reported by telephone are blocked immediately. If requested before 3:00 p.m. EST, a cardholder will receive an emergency replacement card within 24 hours.

CARD EXPIRATION AND REISSUE

Bank of America will reissue cards approximately two weeks prior to the end of the expiration month and send to each active cardholder.

TRANSACTION DATA

Bank of America will capture data for each cardholder purchase at the point of sale based on the merchant's capability and merchant's acquirer (the institution that maintains the supplier's credit card relationship and receives all transactions). Visa requires acquirers to include different criteria at Levels 1, 2, and 3.

If a merchant has Level 1 capability, the following information is captured at point of sale:

- . date transaction was posted to the account
- . date of transaction
- . name of merchant
- . city and state of merchant
- . total amount of transactions
- . reference number

If a merchant has Level 2 capability, the following information is captured at the point of sale:

- . all Level 1 data
- . sales tax amount **REPORTS**
- . 16-digit customer code (alpha-numeric)

If a merchant has level 3 capability, the following information is captured at the point of sale:

- . all Level 2 information
- . item description
- . quantity
- . unit price
- . freight
- . discount

Once captured at the point of sale, the information is available in the form of hard copy reports, electronically in an EDI 811 format, via the Electronic Statement Billing File, or through Bank of America's InfoSpan reporting package.

POSTING TRANSACTIONS

Bank of America will generally post all transactions (both credit and debits) to the cardholder's accounts within two working days from the date the merchant submits the transaction. The posted credit will also reference the original charge.

CARDHOLDER MEMO STATEMENT

Within 5 working days after the end of each monthly billing cycle, Bank of America will send each cardholder a memo statement, which lists all transactions, made during the current billing cycle.

OFFICIAL INVOICE

Within five working days after the end of the Agency's or Institution's billing cycle, Bank of America will send an official invoice to the designated Settlement Contact as indicated by the PPC. The invoice will include all transactions during the billing cycle and include all debits and credits posted to the Agency's or Institution's account during the monthly billing cycle.

CARDHOLDER SUSPENSION PROCEDURES

It is Bank of America's responsibility to notify an Agency's or Institution's PPC by letter when that Agency's or Institution's account becomes five days past due. As stated before in the **PAYMENT INFORMATION** section of this manual, if payment is not received within 31 days of the original due date, all card usage for that Agency or Institution will be suspended until payment is received.

REPORTS

The Bank of America Visa Purchasing Card offers a comprehensive series of analytical, activity and summary reporting options including standard paper reports and three electronic reporting options.

All reporting options have the capability of providing:

1. Detailed cardholder transactions
2. Detailed transactions per Agency or Institution
3. Detailed transactions paperwork unit within Agency or Institution
4. Itemized purchases made by type of vendor based on MCC code
5. Itemized purchases made by minority and/or small business, when available and provided by Visa with the transaction authorization.
6. Lost or stolen card information (any card that has been reported lost or stolen will be reported closed at month end on the Cardholder Listing Report)

Standard Paper Reports

Supplier Management Reports - These reports allow the Agency or Institution to monitor the number and amount of purchases made with specific suppliers. This ensures that your cardholders are using approved vendors and arms the State with compelling data to negotiate volume discounts with these suppliers.

Accounting Reports - These reports were designed to meet the Agency's or Institution's internal reporting needs by providing cardholder transaction data. Information can be provided in detail or summary form and can be rolled up to higher reporting units and finally to the corporate reporting level. Reports are available on a cycle, monthly, annual, or fiscal year end. In addition, sales tax reporting, and reporting on minority/women owned businesses and 1099 supplier spending is available.

Control and Audit - Spending analysis reports are designed to support control of the entire purchasing program and they allow review of individual cardholder spending by category. These reports contain detail on up to nine spending categories based on Merchant Category Code groupings defined by the Agency or Institution. The names for the nine spending category headings are custom defined as well. Category 10 is defined as "all other." Debits and credits are tracked separately, and the Agency or Institution may change or create a new category upon request. In addition, sales tax reports can be used to identify occasions when sales tax has not been collected or when use tax is owed.

Exception Reports - The Agency or Institution can define a maximum spending limit and a percentage of spending limit parameter for each of the nine spending categories. Cardholder transactions that violate either of these parameters will appear on the exception reports. The Agency or Institution can also receive a report which can be used to review cardholder accounts that are over a certain percentage (defined by the Agency or Institution) of their credit limits, have zero balances for a certain number of months, or are inactive for a number of months. Furthermore, the Agency or Institution can define and review cardholder activity, which takes place in exception Merchant Category Code categories defined by the Agency or Institution.

Program Administration - The timely access to a variety of data is necessary to help the Agency or Institution effectively manage its Purchasing Card Program. Administrative reports have been developed to provide listings of cardholders, hierarchal configurations, and details about account limits. These reports enable overall account maintenance to occur more easily.

Bank of America InfoSpan Reporting

For those Agencies or Institutions which desire a desktop solution to reporting, Bank of America offers the InfoSpan reporting. This windows-based software reporting package was developed with the assistance of purchasing, accounting, audit, and tax managers.

Utilizing a mainframe or PC, an Agency or Institution may dial into Bank of America during a specified window of time to retrieve the file. Alternatively, Bank of America could send the file directly to a mainframe or specified VAN. The Agency or Institution will load this file into the Bank of America InfoSpan software residing on its PC. With this software, the Agency or Institution can tailor the data into reports that meet its specific internal reporting needs and frequency requirements. In addition, standard reports available through the software include:

Works Payment Manager

For those Agencies or Institutions which desire a web-based solution to reporting, Bank of America offers the Works Payment Manager application.

Visa Information Source

For those Agencies or Institutions which desire a web-based solution to reporting, Bank of America offers the Visa Information Source application.

Electronic Data Interchange (EDI)

For those entities which prefer to communicate via EDI formatted records and wish to customize the reporting information to meet their specific reporting needs, Bank of America also makes available daily an 811 formatted EDI transaction record file which contains transactions detail of those purchases made. The Agency or Institution can elect for this file to be generated on a daily, weekly, monthly, or at cycle frequency. Utilizing its mainframe or PC, the Agency or Institution may dial into Bank of America during a specified window of time to retrieve the file. Alternatively, Bank of America could send the file directly to a mainframe or specified VAN.

Statement Billing File

For those entities which have internal systems resources available and wish to customize the reporting information to meet their specific reporting needs, Bank of America makes available an EBCDIC file which contains transactions detail. An Agency or Institution can elect for this file to be generated on a daily, weekly, monthly, or at cycle frequency. Utilizing a mainframe or PC, the Agency or Institution may dial into Bank of America during a specific window of time to retrieve the file. Alternatively, Bank of America could send the file directly to a mainframe or specified VAN.

CUSTOMER SERVICE

One Credit/Customer Service team leader and two Commercial Card customer service representatives will be assigned to each Agency or Institution. These representatives will be the daily contact persons for the Agency's or Institution's PPC and will be responsible for the ongoing maintenance of the cardholder database entry and customer service issues. One of these two representatives will be the primary contact and the other will serve as back up. These representatives will be available 8:00 AM - 6:00 PM EST Monday - Friday. Bank of America will provide an updated listing of each Agency's or Institution's representatives on a quarterly basis.

SINGLE PURCHASE LIMITS

Bank of America will provide during the transaction verification process a means of limiting the cardholder's purchases. Agencies and Institutions may allow single purchase limits up to \$5,000.

Required Authorization Controls, Bank of America will provide the below listed purchase control limitations for each cardholder:

1. Single purchase dollar limit
2. Number of transactions per day, month, and cycle
3. Amount of dollars spent per day, month, and cycle
4. Merchant type (MCC)
 - include or exclude
 - number of transactions
 - dollars spent per day
 - single purchase dollar limit

TRANSACTION AUTHORIZATION

Bank of America will adhere to the authorization procedures established itself or the Visa Network. Transactions exceeding the purchase limits identified in the Required Authorization Controls Section shall be denied at the point-of-sale. Bank of America provides authorization support 24 hours a day, every day of the year.

CASH ADVANCES

The Bank of America Visa State Purchasing Card **shall not** be used by any cardholder for cash advances. Cash advances from banks and automated teller machines are **prohibited** under the Purchasing Card Program.

RELEASE OF INFORMATION

Bank of America may not release, sell or make available to any third party the names, addresses or any other cardholder information, except as otherwise specifically provided in the contract.

FRAUD PROTECTION

In addition to the cardholder controls, a system for the early detection of fraudulent activity is also used. Bank of America utilizes the Falcon Neural Detection System developed by HNC. The system analyzes several factors including:

- . city and state of the cardholder
- . types and locations of suppliers the cardholder typically purchases from
- . historical spending patterns of the cardholder

In the event there is a deviation from the norm, the account is systematically sent to a queue and reviewed by a fraud analyst.

MISUSE PROTECTION

When the employee whose name appears on the card uses the card outside the Agency's or Institution's established guidelines, it is not considered fraud, but rather misuse. Bank of America will provide corporate liability protection for employee misuse up to \$100,000 under Visa's Liability Protection Coverage; however, certain conditions apply. The principal condition is that the employee has been terminated and Bank of America is notified of the termination within two days of its occurrence. Bank of America will rely on and shall be protected in acting on issuance requests or other requests or instructions which the bank believes to be genuine and to have been signed by a State of Georgia Purchasing Card Coordinator.

LIABILITY FOR PURCHASES MADE WITH LOST OR STOLEN CARDS

The State incurs \$0.00 liability for purchases made with cards that are lost or stolen. Bank of America assumes this responsibility. It is each cardholders responsibility acting on behalf of the State to report lost or stolen cards to Bank of America as soon as they are discovered missing.

PROJECT MANAGEMENT

Bank of America will assign project management responsibilities for implementation, administration, supervision, and coordination of the contract to a dedicated, full-time staff member who shall be readily accessible to all PPCs. Bank of America will also assign a dedicated point of contact to handle disputes, finance, and administration for each participating Agency or Institution.

VENDOR RECRUITMENT

Bank of America which is one of the largest merchant acquirer in the U.S. will utilize a partner marketing approach with the State of Georgia in the development of a marketing plan to encourage Purchasing Card acceptance among key suppliers. (Note: Any supplier that currently accepts Visa can accept the Bank of America Purchasing Card.) First Data Corp. will solicit, set-up, service, and support these suppliers in accepting Bank of America Visa Purchasing Card transactions.

AGENCY AND INSTITUTION RESPONSIBILITIES

GENERAL PROCESS DESCRIPTION

Interested Agencies and Institutions should contact the State Purchasing Card Program Manager to engage use of this contract. Each Agency and Institution is responsible for establishing its own internal procedures for use of this contract. All Agency and Institution procedures must be within the scope of the terms and conditions of this contract. At a minimum, the internal procedures should address the following issues:

- (1) Designate an Agency or Institution Program Coordinator, Electronic Contact, and Settlement Contact.
- (2) Define role of the PPC and ensure that all cardholders and approving officials realize a liaison to the contractor exists within their Agency or Institution and that frequent calls to the contractor made at the cardholder level are unnecessary and undesirable.
- (3) Develop coordination procedures between the PPC, Electronic and Settlement Contacts. Each contact's functions and responsibilities as they relate to the contract should be delineated.
- (4) Establish the responsible office(s) for determining qualified cardholders, granting delegations of authority, spending limits and authorization activity codes. Determine who will approve changes to cardholder purchase limits and other exceptions.
- (5) Establish coordination procedures between cardholders, their approving officials and the finance office.
- (6) Determine reporting hierarchy, what form of media will be used for reports, type and frequency of reports; formulate procedures outlining use of the chosen media.
- (7) Determine what form of media will be used for receipt of invoices and payment option; formulate Procedures outlining use of the chosen media.
- (8) Complete all contact forms for Bank of America designating all persons within each Agency or Institution that will be involved with the Purchasing Card Program. This includes PPC, Electronic Contact, Settlement Contact, and approving officials.
- (9) Establish purchase procedures, including telephone, fax and computer orders. The content of, and the retention of, accountable documentation for each purchase must be addressed.
- (10) Formulate resolution and disciplinary procedures for situations involving improper usage of the card.
- (11) Establish payment procedures, including attention to statement reconciliation at the cardholder and approving official levels and subsequent involvement by the Settlement Contact.
- (12) Establish billing discrepancy procedures.
- (13) Establish security measures for the cards in order to prevent unauthorized use and to limit the potential for fraud.
- (14) Establish procedures to be followed in the event of lost or stolen cards, the termination or transfer of an employee who is a cardholder, and other such situations that may arise.
- (15) Establish procedures for the retaining of accountable documentation for a period of no less than three years.

The Agency or Institution must identify cardholders, approving officials, PPC, Electronic Contact, and Settlement Contact. The PPC will serve as the Agency's or Institution's primary liaison to Bank of America and DOAS.

Account set up forms must be completed by each Agency and Institution. In establishing each cardholder's purchase limits, Agencies and Institutions are cautioned to impose realistic spending limits. The established limits should reflect actual spending history and budgetary trends.

All transactions made must be within each cardholder's purchase limits and an accountable document must be retained for each purchase.

When the cardholder or appropriate level of reconciliation receives the monthly memo statement, it must be reviewed and reconciled against the accountable documents retained from each transaction. The reconciliation process should be completed within the time frame required in the Agency's or Institution's internal procedures in order to provide sufficient time to allow for subsequent approving official review and payment by the settlement office within the time constraints established. The statement should then be sent to the approving official accompanied by sales draft copies or other accountable documentation in accordance with the Agency's or Institution's internal procedures.

Procedures should be in place in the event that a cardholder or appropriate level of reconciliation will not be available to reconcile and forward the monthly memo statement because of leave or travel. This will ensure that an Agency's or Institution's account standing does not become past due.

The approving officials must then review each of their cardholder's statements and verify that all transactions were in the interest of the State Government and that purchases were made in accordance with internal procedures and State requirements. The approving official then forwards the necessary information according to Agency or Institution procedures to the Settlement Contact for reconciliation of the Official Invoice. If the approving official does not receive all of the cardholder's statements, it should be the approving official's responsibility to contact the cardholder and have the statement furnished at once.

The Settlement Contact must make sure funds are available for payment on the due date.

If a cardholder becomes aware that his/her card has been lost or stolen, he/she must immediately inform the PPC and Bank of America. A replacement card will be made available per contract requirements.

If a cardholder or appropriate level of reconciliation thinks a transaction listed on the monthly memo statement is incorrect, a completed Purchasing Card Dispute Form must be sent to Bank of America. Bank of America will immediately credit the purchase until resolution procedures show whether or not the purchase should be paid for by the State.

Due to the variance in definitions of small and minority businesses, accurate data by the State's definition can not be obtained from Visa. If this information is required by the Agency or Institution it will be the responsibility of that Agency or Institution to develop procedures for tracking this data. State Purchasing will continue to track small and minority purchases as provided for in OCGA.

The purchasing card may be used to purchase small value services under \$5,000 provided that each agency or institution follows all federal laws applicable to the reporting of spending with 1099 vendors. InfoSpan reporting software allows for the tracking of Purchasing Card spending with 1099 vendors. This data would have to be merged with accounts payable data to determine the applicability of 1099 reporting to the IRS. It is the responsibility of any agency or institution wishing to use the State of Georgia Visa Purchasing Card for the purchase of services under \$5,000 to put into place procedures to comply with any federal tax laws regarding 1099 reporting. Please consult your Agency's or Institution's tax department for 1099 reporting requirements.

The State of Georgia Bank of America Purchasing Card may be used to procure items from statewide, state agency, and agency contracts.

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